

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7462

BILL NUMBER: SB 394

DATE PREPARED: Jan 11, 2001

BILL AMENDED:

SUBJECT: New tire fee.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues		(1,900,000)	(1,900,000)
State Expenditures			
Net Increase (Decrease)		(1,900,000)	(1,900,000)

Summary of Legislation: This bill repeals the fee of \$0.25 that is imposed on the sale of (1) each new tire that is sold at retail; and (2) each new tire mounted on a new vehicle sold at retail. The bill also makes conforming amendments.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues: A fee of \$0.25 is placed on the sale of all new tires at retail and each new tire mounted on a new vehicle sold at retail. In FY99 and FY00, approximately \$1.9M was generated each year from this fee and deposited into the Waste Tire Management Fund (WTMF). Eliminating the fee would reduce revenue by an estimated \$1.9M per year.

The fee is collected by and paid to the Indiana Department of State Revenue. Until 1998, 35% of the fees were allocated to IDEM for waste tire clean-ups and 65% of the money was deposited in the fund and used by the Department of Commerce for scrap tire rubber product market development.

Effective July 1, 1998, legislation was passed that intended for 100% of the new tire fee to go to IDEM for

waste reduction, removal, or remediation [PL 93 – 1998]. Due to ambiguities in the interpretation of the legislation, the Department of Commerce received WTMF funding for the 1999-2001 biennial budget. The Department was appropriated \$269,000 from the WTMF in FY 1999-2000. These funds have been used for remaining, ongoing market development projects. A determination has not yet been made for WTMF appropriation amounts, if any, for the 2001 – 2003 biennial budget.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Environmental Management and the Department of Commerce

Local Agencies Affected:

Information Sources: Tom Conley, Administrator, Department of Revenue (317) 232-2107; and Sarah Carney, Department of Commerce (317) 232-8944.